

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 /097 W

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R 041800Z APR 74

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 3809

UNCLAS MANAGUA 1271

E.O. 11652: N/A

TAGS: BEXP, NU

SUBJECT: MEETING OF COMMERCIAL ACTION PROGRAM (CAP) TASK
FORCE, MARCH 29, 1974

1. THE MEETING OPENED WITH AN ANNOUNCEMENT THAT PRELIMINARY
CENTRAL BANK DATA FOR THE FIRST 10 MONTHS OF 1973 SHOW THE
U.S. SHARE OF NICARAGUAN IMPORTS TO HAVE RISEN TO 36 PERCENT,
AS COMPARED TO 31.6 PERCENT FOR ALL OF 1972.

2. A SAMPLE OF INTRA-CITY BUS COMPANIES AND BUS DEALERS
WAS VISITED IN MARCH. (OBJECTIVE 1, APRIL 2). THE DEALERS
REPORTED THAT THE MARKET FOR NEW BUSES AVERAGE 150 TO 200
UNITS PER YEAR, BUT THEY SAW LITTLE PROSPECT FOR INCREASING
THE MARKET. THE BUS OWNERS, ON THE OTHER HAND, WERE ENTHUSI-
ASTIC ABOUT BUYING MORE NEW UNITS IF THE COST COULD BE
REDUCED AN/OR CREDIT TERMS IMPROVED. (FINANCING IS DONE BY
THE DEALERS ON TERMS OF 13 PERCENT ANNUALLY FOR THREE YEARS.)
FROM THE RESPONSES OF THE OWNERS, WE ESTIMATE THAT IF TARIFFS
WERE SUSPENDED FOR ONE YEAR, PERHAPS 50 ADDITIONAL NEW UNITS
WOULD BE SOLD.

3. ALL NEW BUSES SOLD IN NICARAGUA ARE ASSEMBLED IN GUATEMALA
(BLUEBIRD) AND EL SALVADOR (SUPERIOR). THESE PLANTS IMPORT
CHASSIS FROM THE U.S., GREAT BRITAIN AND JAPAN AND ASSEMBLE
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AND ADD THE BODY. FOR BUSES THUS ASSEMBLED, THE DUTIES ARE

2 U.S. CENTS PER KILOGRAM PLUS 15 PERCENT AD VALORUM FOR THE CHASSIS AND 24.5 PERCENT AD VALORUM ON THE BODY. FOR NEW BUSES IMPORTED DIRECTLY FROM OUTSIDE THE CACM, THE DUTIES ARE 27 PERCENT AD VALORUM. THE RESULTING PRICE FOR A CACM ASSEMBLED BUS OF 60 PASSENGER CAPACITY IS U.S. \$18,800 COMPARED TO U.S. \$25,000 FOR A FULLY ASSEMBLED EQUIVALENT FROM THE U.S. (NOTE: THE U.S. MANUFACTURED COMPONENT OF CACM ASSEMBLED VEHICLES APPEARS IN NICARAGUAN IMPORT DATA AS U.S. ORIGIN.)

4. IN 1974, THE POLICE ARE RESPONSIBLE FOR ENFORCING MINIMUM SAFETY STANDARDS ON PUBLIC TRANSPORT VEHICLES. IN ADDITION TO THE PRIMARY EFFECT OF IMPROVING THE CHANCES OF SURVIVAL FOR USERS OF THE BUS SYSTEM, WE NOTE A POTENTIAL SECONDARY COMMERCIAL EFFECT THAT SOME OWNERS MIGHT FIND IT MORE ECONOMICAL TO PURCHASE NEW UNITS RATHER THAN TRY TO UPGRADE THE WORN OUT OLD EQUIPMENT. THE PUBLIC SAFETY ADVISOR REPORTS THAT THIS PROGRAM COULD BE IMPROVED IN A NUMBER OF WAYS.

5. OUR CONCLUSIONS FROM THE TRANSPORTATION SURVEY ARE (A) THAT WE SHOULD CONTINUE TO URGE THE GON TO SUSPEND CACM DUTIES ON BUSES FOR ONE YEAR IF POSSIBLE, AND (B) ENCOURAGE THE POLICE, THROUGH THE PUBLIC SAFETY ADVISOR AND OTHER CONTACTS AS APPROPRIATE, TO UPGRADE AND GIVE PRIORITY TO THE PUBLIC TRANSPORTATION SAFETY PROGRAM.

6. WE HAVE BEGUN TO CONTACT FOOD PROCESSING EQUIPMENT USERS (OBJECTIVE 2, ACTION 3) TO DETERMINE THEIR PURCHASING PLANS. WE HAVE ALSO JUST RECEIVED FINAL DETAILED GON TRADE DATA FOR 1972, WHICH WILL ENABLE US TO COMPLETE A REPORT BY THE END OF APRIL.

7. ORDERS FOR ALL THE BOOKS WHICH WE REQUESTED IN FEBRUARY FOR THE COMMERCIAL LIBRARY (OBJECTIVE 5, ACTION 1) WERE SENT IN MARCH. THE STATE DEPARTMENT LIBRARY RESEARCH SERVICE RESPONDED VERY PROMPTLY TO OUR REQUEST FOR A NUMBER OF ADDRESSES OF REFERENCE BOOK PUBLISHERS, AS A RESULT, WE HAVE PLACED A REQUISITION FOR AN ADDITIONAL 4 REFERENCE BOOKS WORTH \$100. BOOKSHELVES FOR THE LIBRARY WERE COMPLETED DURING THE LAST WEEK OF MARCH AND ARE TO BE INSTALLED IN EARLY APRIL.

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8. WE LEARN INFORMALLY THAT THE GON IS NOT PRESENTLY PREPARED TO CHANGE THE STRUCTURE OF TARIFF RATES ON AUTOMOBILES, AS WE HAD URGED (OBJECTIVE 1, ACTION 1). HOWEVER, WE ALSO LEARNED OF A PROPOSAL BY THE ADUANAS TO INTRODUCE SIMILAR DISCRIMINATION AGAINST MORE EXPENSIVE 4-WHEEL DRIVE, JEEP-TYPE VEHICLES WHICH WOULD BE DETRIMENTAL TO OUR GROWING SALES OF INTERNATIONAL SCOUTS AND CHEVROLET BLAZERS AND CHEYENNES. WE MADE INFORMAL REPRESENTATIONS AGAINST THIS

CHANGE AND HAVE INFORMAL ASSURANCES THAT IT WILL NOT BE ADOPTED. WE WILL CONTINUE TO URGE A CHANGE IN THE AUTOMOBIL TARIFFS.

9. WE HAVE CONTINUED TO ADD TO OUR BRIEFING MATERIAL (OBJECTIVE 5, ACTION 2). FIFTY COPIES OF THE ECONOMIC TRENDS REPORT WERE RECEIVED MARCH 1. WE FIND THIS REPORT ESPECIALLY USEFUL AND ESTIMATE THAT IT SAVES AN AVERAGE OF 15 MINUTES PER BUSINESS VISITOR. WE HAVE ALREADY USED MORE THAN 30 COPIES AND HAVE ASKED FOR 150 MORE. ALSO IN MARCH, THE COMMERCIAL SECTION UPDATED THE LAWYER LIST AND COMPILED A LIST OF CERTIFIED PUBLIC ACCOUNTANTS.

10. WE HAVE NOT RECEIVED MATERIALS YET FOR THE APRIL NEW YORK PACKING INDUSTRY SHOW; THEREFORE, WE WILL CONCENTRATE OUR EFFORT ON THE SHOW AT THE U.S. TRADE CENTER IN MEXICO IN MAY. SHELTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 04 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANAGU01271
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740076-1053
From: MANAGUA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740467/aaaacjuv.tel
Line Count: 131
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2002 by bryansd0>; APPROVED <17 DEC 2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MEETING OF COMMERCIAL ACTION PROGRAM (CAP) TASK FORCE, MARCH 29, 1974
TAGS: BEXP, NU
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005